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16 May 1952

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**CURRENT INTELLIGENCE DIGEST**

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Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

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#### GENERAL

1. Britain urges prompt coordination on American disarmament proposal: The Foreign Office, fearing that Britain may be unable to support the United States in the UN Disarmament Commission, requests urgent consideration of British objections to the American proposal so that the West can present a solid front at next month's meetings of the commission. The Foreign Office emphasizes that the cabinet will have to decide the British position soon, and that Anglo-American agreement is necessary to gain maximum propaganda value from the commission's work.

Britain has been pressing the French Embassy in an effort to minimize French objections to the American proposal. (S London 5177, 14 May 52)

Comment: Britain objects to the American proposal for basing armed forces on population percentages because it apparently favors the Western powers, including the Commonwealth countries, over the Soviet bloc. France, evidently not counting some of the countries of South Asia on the Western side, believes that the American proposal favors the Soviet bloc.

Britain does not believe that the USSR will accept any disarmament proposal, and is interested primarily in gaining the propaganda initiative.

2. Communists intensify peace campaign among religious groups: Protestant and Catholic Church leaders from Austria, Denmark, Finland, Syria, the Netherlands, and Bulgaria attended a conference of Christian, Moslem, and Buddhist religious leaders of the USSR held from 9 to 12 May at Zagorsk, near Moscow. The conference approved a letter to Stalin, an appeal to the World Peace Council, and an appeal to "churches, religious organizations, clergy, and believers

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in religion of all the world," which repeated all the subjects currently being exploited by Soviet-Communist propaganda, particularly the peace lines. (R Moscow 1813, 13 May 52)

Comment: Activities suggesting that the Communists may be contemplating the establishment of an international church front for peace have included invitations to important church leaders to visit Moscow; a joint meeting in Paris last December of the Commission of Churches for International Affairs with World Peace Council members including Joliot-Curie "at which misunderstandings were cleared up and another meeting considered;" a Conference for Christians for Peace in London which, however, got somewhat out of the control of its pro-Communist organizers, and peace conferences for clergymen in the Satellites.

Attendance at the Zagorsk conference is believed to have fallen below Communist hopes; but continued efforts were forecast by one of the speakers, who stated that the time had come for a world congress of religious leaders of all countries to discuss the question of the defense of world peace.

SOVIET UNION

3. Soviet Union purchases raw cotton from Pakistan: Some firm deals have been made between the USSR and Pakistan, according to Amjad Ali, a Pakistan delegate to the Moscow Economic Conference and a member of the Pakistan delegation to the UN. He said the Soviet Union had placed a small order for raw Pakistani cotton, and that delivery had already been made. (C New York 817, 14 May 52)

Comment: While such an order may be only a token purchase on the part of the USSR, it serves to strengthen Moscow's propaganda on its desire for enlarged trade. It also points up an increasing Soviet effort to expand commercial relations in the South Asia area.

EASTERN EUROPE

4. Bulgaria continues efforts to encourage motherhood: According to an article published in the newspaper Rabotnichesko

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Delo, the Presidium of the Bulgarian National Assembly recently awarded the Order of Motherhood Glory 1st Class to a number of Bulgarian mothers who had given birth to, reared, and educated eight or more children. [REDACTED]

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Comment: Government efforts to increase the Bulgarian birth rates have been reflected both in the institution of such decorations as the "Order of Motherhood Glory" and in the enactment of laws extending special benefits to prolific mothers. An additional incentive was given by the 1951 Decree on Encouraging Childbirth, according to which "all unmarried, widowed, married, and divorced Bulgarian and foreign citizens without children who reside in Bulgaria and who are between the ages of 21 and 45 for women and 21 and 50 for men are required to pay a tax amounting to 5 percent of their income."

5. Increase in Soviet signal personnel reported in Budapest:

The [REDACTED] there are now more Soviet soldiers in Budapest than last fall. The Military Attache discounts the rumored presence of 15,000 additional troops, but has observed a noticeable increase in the number of Soviet supply and signal personnel in Budapest.

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He believes that the predominance of signal troops and equipment may indicate possible establishment of a Soviet signal center in Budapest. (S Budapest [REDACTED] 12 May 52)

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Comment: An increase in signal troops may possibly be accounted for by known Soviet efforts to augment signal communications facilities between the USSR and the European Satellites. Another possible explanation is suggested by Soviet interest in the construction of an underground air defense center reportedly near completion on Gellert Hill in Budapest.

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FAR EAST

6. Japanese react favorably to US stand on POW exchange: Japanese press reaction to the Korea truce terms has been roughly divided between editorials strongly supporting the United States stand on POW exchange and those expressing hope that the negotiations would be continued, according to Ambassador Murphy. There have been no reports unfavorable to the American position and no Communist treatment of the subject is evident. Murphy comments that, having been sheltered by the occupation so long, the Japanese do not react as keenly on this matter as its importance to Japan would normally warrant. (C Tokyo 132, 15 May 52)

Comment: The failure of the Japan Communist Party to make an issue of the United States stand on exchange of POW's may be due to the suspicion that such a campaign would either be ineffective or would leave the party open to criticism of the Soviet failure to account for World War II Japanese POW's.

7. North Korean anti-ROK propaganda to foreshadow new offensive: The North Korean Labor (Communist) Party Headquarters is initiating a propaganda campaign against President Rhee and the ROK Government to prepare the North Korean people psychologically for a new offensive, a secretly anti-Communist member of the Labor Party learned from a high-ranking party official. The USSR has been told of the wish for an attack, but has indicated that approval will not be given at this time.

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Comment: A different source in North Korea, [REDACTED] in early April reported similarly that the North Koreans, contrary to the wishes of both the USSR and the Chinese, wanted an offensive.

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It may be significant that on 30 April and again on 8 May radio Pyongyang broadcast vitriolic attacks against the South Korean Government and President Rhee. These latest broadcasts represent the first indications of a possible shift in North Korean propaganda from an anti-US military theme to an anti-ROK political theme.

8. Present condition of North Korean hydroelectric system revealed: Based on current photo reconnaissance of the North Korean hydroelectric complex, Far East Command tentatively

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concludes that the power potential is not being fully utilized. The latest photographs reveal that there has been no recent augmentation of the Korean facilities, that no additional transmission lines are apparent and that the operating capacity is less than that of 1945. (S CINCFE Telecon 5823, 15 May 52)

Comment: The total operating capacity of the North Korean hydroelectric system in August 1945 was approximately 729,000 kilowatts. In view of the destruction of industrial installations and the lack of transmission facilities to private consumers, North Korea probably still has a surplus of available electric power.

9. 25X1C New jet superior to the MIG-15 reported in China: A [REDACTED] reported that on 10 March three of the newest Soviet jets arrived in Peiping from Manchuria, and left two days later for Hsuehou, in central China. These planes reportedly have more power and speed than the MIG-15. 25X1A [REDACTED]

Comment: According to a Far East Command report in March, MIG-type jets, appearing slightly larger and possibly faster than standard MIG-15's, have been observed by UN pilots in Korea. Reports of a similar plane have emanated from the Soviet zone of Germany.

10. Report of new rail lines in Southwest China incorrect: Item 15 in the 2 May issue of the Current Intelligence Digest reported a Chinese Communist announcement of two new rail lines in the Kunming area. FBIS now states that no mention was made of rail lines in the original report, and that the reference was possibly to bus lines. (C FBIS China Abstracts 6, 13 May 52)

11. India agrees to facilitate Chinese grain shipments to Tibet: The American Embassy in New Delhi has been reliably informed that the Indian Government has indicated willingness to allow the shipment of 1,500 tons of Chinese grain to Tibet by way of India.

India has, however, rejected a Peiping proposal to ship 10,000 tons of food and other supplies to Tibet via India and to sell grain to India. New Delhi took the view that the request for transit facilities should not be tied to the grain offer, and that in any case Tibet's transport facilities were inadequate for handling such large quantities.

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The Embassy assumes that Peiping will accept the Indian offer quickly in order to relieve a serious food shortage in Tibet. (C New Delhi 4209, 14 May 52)

25X1C Comment: The Peiping regime has been expected to seek Indian cooperation in alleviating the food shortage in Tibet.

India's partial compliance with the Peiping request was presumably designed to conciliate Communist China without contributing substantially to Chinese strength in Tibet.

25X1C 12. French peace overture to Viet Minh expected by [redacted] reports through sources: [redacted] that French Premier Pinay is convinced of the necessity of ending the fighting in Indochina at an early date. Two French emissaries are soon to meet in Europe with representatives of the Viet Minh and probably also with representatives of the Chinese Communists to discuss possibilities of an armistice. [redacted]

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25X1A FOR CRITICAL SECURITY REASONS this report is not to be further transmitted within the United States, or beyond the borders of the United States, without the express permission of the releasing office.)

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Comment: Rumors of this sort have been reported from various countries during the past few months. A report in the 11 May issue of a French weekly claimed that a high French official had met a brother-in-law of Mao Tse-tung in Geneva to discuss Indochina.

Various French officials have categorically denied any intention of making armistice overtures to the Viet Minh. Minister Resident Letourneau recently repeated these denials, but also stated that the door to some sort of arrangement with the Viet Minh has not been closed.

#### NEAR EAST - AFRICA

13. Iranian lubricant plant reportedly damaged: The Abadan lubricant plant blew up while being tested, according to the opposition press in Iran. The American Embassy, which transmitted this report, says that an Iranian National Oil Company spokesman recently stated that he had received "very disappointing" news from Abadan. Although he refused to amplify his statement, he said that the Iranians had again approached

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the American company which built the plant to supply technicians to operate it. (C Tehran 4414, 14 May 52)

Comment: Iran has been able to produce crude oil and some simple refined products for internal consumption since oil nationalization. The lubricating plant, which was completed shortly before the Anglo-Iranian Oil Company withdrew from Iran, has never been operated, however, and Iran has been forced to import lubricants. Failure to put this installation into production will necessitate continued dependence on outside supplies and a consequent drain on Iran's scanty foreign exchange.

14. Britain fears consequences of attempt to exclude USSR from Tangier: After serious consideration, the British Foreign Office has abandoned the idea of excluding the USSR from the Committee of Control in the International Zone of Tangier because of the impossibility of maintaining the secrecy necessary to prevent the USSR from making a counter move.

The British believe that Spanish participation in the administration could be increased without arousing Soviet interest in assuming its seat on the Committee of Control. (S London 5190, 14 May 52)

Comment: Under the 1945 bilateral French-British agreement establishing the present provisional administration in Tangier, the Soviet Union as well as the United States was awarded a seat on the Committee of Control, which is the ultimate authority in Tangier. The USSR has thus far refused to sit on the same council with a representative of the Franco regime, but the Western powers fear that it might exercise its prerogative and thus establish a foothold in this strategic area.

15. Prominent South African Indian leader restricted under anti-Communist law: The Minister of Justice has ordered Dr. Y. N. Dadoo to resign as president of the South African Indian National Congress within thirty days, and has prohibited him from moving from the Transvaal Province, where he lives, for the next two years. Dadoo has also been ordered to resign from a number of other organizations, several of which were set up for the express purpose of campaigning against the Nationalist government's segregation laws. (U Reuters Johannesburg, 14 May 52)

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Comment: A former member of the now defunct Executive Committee of the Communist Party in South Africa, Dadoo has been a leading promoter of unity among all non-white groups in the Union, which offers the greatest potential threat to white rule in South Africa. Many other prominent Indian and native African leaders, like Dadoo, have been officially "named" Communist, but, except in a few cases, the government has not yet moved to restrict their activities.

16. American manganese stockpile to suffer from projected South African export cut: The South African Government has informed the American Ambassador that manganese exports to all destinations will be limited to 500,000 long tons annually. A few weeks ago Minister of Economic Affairs Louw estimated South Africa's exportable surplus for 1952 at 700,000 tons. He now says the drastic cut is necessary as a conservation measure, since it is estimated that a higher export rate would exhaust known deposits in 50 years. (S Capetown 89, 13 May 52)

Comment: This decision has been reached despite urgent American representations to the South African Government for increased exports in 1952. In recent years, about 20 percent of American manganese supplies, including stockpile requirements, has come from the Union. This has amounted to as much as 400,000 tons a year, or 50 to 60 percent of South Africa's total manganese exports.

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WESTERN EUROPE

17. Austrian Foreign Minister reportedly plans visit to Yugoslavia: Austrian Foreign Minister Gruber reportedly plans an official visit with Marshal Tito at Bled about 20 May. Discussions would include Austro-Yugoslav trade relations, Austrian prisoners of war held in Yugoslavia, the opening of more border-crossing points, and a cultural exchange treaty. [REDACTED]

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Comment: A meeting between Gruber and Tito, to discuss an Austro-Yugoslav "military understanding" among other things, was reportedly considered by the Vienna and Belgrade governments last September. This meeting, which was strongly opposed by the US Legation in Vienna, failed to materialize.

The Communist press in Austria is likely to interpret a Gruber-Tito meeting as further "proof" that both countries are linked to Western defense planning.

18. Only minor Communist demonstrations expected in Berlin: Although the US High Commissioner's Office in Berlin has expected Soviet-created "difficulties" over signing of the Allied-German contractual agreement, it reports that intelligence and police agencies have uncovered nothing more tangible in the way of specific Communist plans than the fact that the East and West Berlin Socialist Unity Parties intend to demonstrate on 20 May.

American officials in Berlin still anticipate an increasing number of incidents before, and possibly after, the signing of the contractual agreement, but feel that the situation can be regarded with "calmness." (C Berlin 1343, 14 May 52)

19. East Germans reportedly organizing defense ministry: American army headquarters in Germany considers that the provisional appointment of Willi Stoph, former chief of the East German paramilitary police procurement agency, to head the Ministry of the Interior may be merely a "convenient cover" for Stoph and several of his associates while they organize a defense ministry. The new ministry might be formally announced upon the ratification of the Allied-West German contractual agreement. (S Heidelberg Weeka 19, 12 May 52)

Comment: According to several recent reports of unknown reliability, various high-level specialists have been transferred

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from other East German government agencies to the Ministry of the Interior for the purpose of organizing a defense ministry. Heinrich Rau, who became a Soviet citizen in 1935 and led a Communist brigade in the Spanish Civil War, is mentioned as the government's choice to head the new ministry.

20. West German labor rejects anti-rearmament campaign: The West German Federation of Trade Unions has not only rejected a Social Democratic offer to participate in a joint effort against the Allied-German contractual agreement and the EDC treaty, but is now conducting a vigorous leaflet campaign on purely union problems, focusing its members' attention away from foreign policy issues.

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The Federation's chairman claims that Adenauer's coalition is prepared to support the Federation on the projected Trade Union law if he can prevent organized labor from actively opposing the treaties. [REDACTED]

Comment: The Federation has some six million members; its present stand could be a potent factor in reducing opposition to the signing of the treaties.

21. Belgian controls may stop diversion of some strategic items to Orbit: Emphasizing that the Belgian plan to control transit trade will not stop the shipment of strategic items to the Soviet bloc, a Belgian trade official has stated that the plan will prevent the diversion of goods originally exported to Belgium. The new regulations will require Belgian shippers to present, in addition to a Belgian transit license, a certificate authorizing transshipments from the country of origin or COCOM country through which the goods may have passed. This system will place the responsibility for any diversion on the originating country.

Belgium has not completed its list of items to be covered by the regulations and is waiting for Dutch comments before submitting the plan to COCOM. (S Brussels 1695, 14 May 52)

Comment: Although the diversion to the Orbit through Belgian ports of items on the Belgian control list may decline, a shift to Dutch ports is expected, since the Netherlands states that it will not institute physical controls over transshipments.

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LATIN AMERICA

22. Brazil considering recognition of Bolivia: The Brazilian Charge d'Affaires in Washington informed the State Department on 14 May that his government had received satisfactory assurances of Bolivia's compliance with its international obligations and believed that Paz Estenssoro was firmly in control. Under the circumstances Brazil felt that extended delay in recognizing the present government would be prejudicial to Brazilian interests.

The Charge stated that Brazil was also consulting Chile, Peru, Uruguay, and Venezuela in order to facilitate simultaneous action. (S to Rio de Janeiro 1020, 14 May 52)

Comment: After the Cuban 10 March coup, Brazil recognized the new Cuban Government on 22 March without prior notification to other governments, despite prior assurances that it would act simultaneously with certain other Latin American countries and the United States on 27 March.

23. Bolivian decree provides for commission to study nationalization of mines: President Paz Estenssoro has issued a decree which provides for the creation of a commission to study "nationalization by expropriation" of mines controlled or owned by the Patino, Hochschild, and Aramayo enterprises. The commission, to be composed mainly of government representatives, is charged with rendering a report on the juridical, economic, and technical aspects of "legal expropriation" of these mines within 120 days. (R La Paz 461, 14 May 52)

Comment: The tenor of the decree appears stronger than Paz' previous indications that nationalization would proceed cautiously and for the time being primarily affect exports.

The Patino management has stated that the mining companies will cooperate fully with the government and keep up production, since they believe that failure of the present government would bring chaos and loss of their investments.

Ratification of the MSA agreement may be delayed in Chilean Congress: The US Embassy in Santiago has stated that the MSA agreement, which was sent to the Chilean Congress on 17 April, may be "shunted aside" because of the copper problem.

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Meanwhile, the Radical Party is trying to win the Communist vote for its candidate, and this consideration may tend to hold up ratification of the agreement. Also, a high government official has said that the agreement may not be ratified until after the 4 September presidential election. (C Santiago, D-1304, 7 May 52)

Comment: In general there was little reaction in Chile to the 9 April signing of the MSA agreement, but the 2 May denunciation of the US-Chilean copper accord provoked new leftist criticism of the MSA agreement. There is now some tendency to tie ratification of this agreement to a satisfactory copper deal with the US.

There have been several indications that Socialist-Communist forces have agreed to support the Radical-government bloc's presidential candidate for a stiff price. Such collaboration might impede not only ratification of the MSA agreement but also the negotiation of a new copper agreement with the United States.

24. Early returns from Panama's presidential election favor Remon: Preliminary vote tabulations from 53 of 699 precincts in Panama give presidential candidate Jose Remon about 16,000 votes against 6,000 for Roberto Chiari. Although Chiari continues publicly to claim victory, one of his close friends states that in private he is conceding victory to Remon.

Chiari's followers claim that ballot boxes in various areas were stuffed by the pro-Remon element and that 8 ballot boxes in Panama City were stolen and destroyed. The US Embassy reports that the box numbers as well as the numbers of the police cars which participated in the theft are public knowledge. (C Panama 952, 14 May 52)

Comment: There has apparently been no violent public reaction to the alleged and apparently open fraud practiced by Remon's adherents.

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#### NEAR EAST-AFRICA

1. French reforms unacceptable to Tunisians: A Tunisian nationalist, sent to the United States by his party in order to line up support in the United Nations, states that the French-proposed reforms are completely unacceptable to the Tunisians because they envisage French participation in and control over executive and legislative branches of the government.

Moreover, the Tunisians would fare worse under the recent proposals for actual French participation in the government than under the system of external French control existing before mid-January. (S, S/S US UN Del New York 810, 13 May 52)

Comment: Although the former Chenik cabinet did not expect the French to accept their demands for an exclusively Tunisian executive, legislature, and civil service, it hoped for a progressive program including a considerable degree of local autonomy.

#### LATIN AMERICA

2. Argentina fabricating charges of United States plot: A former OSS and Military Intelligence agent of Czech-Argentine nationality has stated that he was arrested and interrogated along lines which convinced him that the Argentine police are "all out to uncover a plot by the United States." He added that large numbers of people are being questioned, and that this will later receive wide publicity.

When the US Embassy asked the Foreign Minister why two Argentine employees of the US International Education service had been arrested, he replied vaguely that he "hoped to show

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the Embassy something soon." (S,S/S Buenos Aires 778, 13 May 52)

Comment: Government-controlled newspapers and Peron's recent speeches have emphasized the theme that foreigners, directed by the United States, are plotting against Peron. The police are apparently now trying to collect "evidence" to prove American interference in Argentine affairs and possibly to justify a demand that all USIE activities be terminated.

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